

Message Text

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21

ORIGIN TRSE-00

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-01 H-01 INR-05

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 USIA-06 PRS-01 SP-02

OMB-01 SWF-01 /096 R

DRAFTED BY TREAS:GC:DHSTOUGHTON
APPROVED BY EB/IFD/OMA:GPBALABANIS
TREAS:RALBRECHT
TREAS:RPATRICK
TREAS:MBRADFIELD
TREAS:WBARREDA
TREAS:NGORDON
STR:AWOLFF
STR:TGRAHAM; STATE:TMINNIES
STATE:RHARDING; STATE:ECONSTALBE
----- 001237

R 202303Z DEC 74
FM SECSTATE WASHDC
TO AMEMBASSY LONDON
INFO USMISSION GENEVA
USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS:EFIN

SUBJECT:GATT PANELS ON DISC AND OTHER TAX PRACTICES

REF: A) GENEVA 4044; 0) GENEVA 236; C) STATE 13985

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1. REQUEST YOUR ASSESSMENT OF THE QUALIFICATIONS OF J.F.

COWN, MANAGING DIRECTOR, J.F. CHOWN AND COMPANY, LONDON, AND PROFESSOR A.R. PREST, LONDON SCHOOL OF ECONOMICS, TO SERVE AS A TAX EXPERT ON FOUR GATT PANELS WHICH HAVE BEEN CONVENED BY THE GATT COUNCIL. (REF A). THESE PANELS, ESTABLISHED ON JULY 30, 1973, ARE TO CONSIDER THE COMPATIBILITY OF THE DISC LEGISLATION AND CERTAIN RELATED TAX PRACTICES OF BELGIUM, FRANCE AND THE NETHERLANDS WHICH U.S. BELIEVES HAVE AN EFFECT SIMILAR TO THE DISC.

2. THE PANELS ARE TO HAVE IDENTICAL MEMBERSHIP CONSISTING OF A CHAIRMAN, TWO GATT EXPERTS AND TWO TAX EXPERTS. (REFS. B AND C) TO BE SELECTED WITH THE AGREEMENT OF THE PARTIES CONCERNED. AMBASSADOR PETER LAI OF MALAYSIA IN GENEVA HAS BEEN SELECTED AS CHAIRMAN. TENTATIVE AGREEMENT HAS BEEN REACHED ON THE GATT EXPERT". WE ARE PRESENTLY ATTEMPTING TO REACH AGREEMENT ON THE TAX EXPERTS.

3. THE WORK OF THE PANELS WILL INVOLVE AN IMPORTANT APPLICATION OF THE SUBSIDIES PROVISIONS OF ARTICLE XVI OF THE GENERAL AGREEMENT TO THE U.S. DISC LEGISLATION AND TO THE TAX PRACTICES OF THE EUROPEAN NATIONS CONCERNED. IN VIEW OF THE COMPLEXITY AND IMPORTANCE OF THE ISSUES IN THESE CASES, IT IS IMPORTANT THAT THE PANEL MEMBERSHIP INCLUDE TAX EXPERTS WHO POSSESS THE PROPER TAX EXPERTISE AND OBJECTIVITY TO ANALYZE THE VARIOUS TAX PRACTICES INVOLVED.

4. IT IS DIFFICULT TO ESTIMATE THE AMOUNT OF TIME AND EFFORT WHICH PARTICIPATION ON THE PANELS MAY REQUIRE. HOWEVER, WE ESTIMATE THAT IT WILL INVOLVE INTERMITTENT SERVICE OVER AN EXTENDED PERIOD OF TIME - AT LEAST AS MUCH AS A YEAR. IT IS EXPECTED THAT THE PANELS WILL MEET IN GENEVA TO HEAR ORAL PRESENTATION OF BOTH PARTIES' CASES IN EACH OF THE FOUR COMPLAINTS. IT IS HOPED THAT MEETINGS OF THE PANELS COULD BE KEPT TO A MINIMUM SO AS TO MINIMIZE THE INCONVENIENCE TO PANEL MEMBERS. PANEL MEMBERS, AFTER CONCLUSION OF THE FOUR PANEL PROCEEDINGS, WILL HAVE TO PARTICIPATE IN THE PREPARATION OF THE PANELS' REPORT AND RECOMMENDATIONS WITH RESPECT TO EACH COMPLAINT.

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5. WE WOULD LIKE YOUR VIEWS AS TO WHETHER MSSRS. CHOWN AND PREST MEET THESE QUALIFICATIONS. IN ADDITION, WE ARE INTERESTED IN THEIR VIEWS ON THE DISC LEGISLATION IF KNOWN.

6. IF YOU FEEL MSSRS. CHOWN AND PREST ARE QUALIFIED, REQUEST THAT YOU INQUIRE WITHOUT OFFERING POSITION WHETHER THEY WOULD BE WILLING TO SERVE AS A TAX EXPERT MEMBER ON

FOUR GATT PANELS.

7. SINCE WE MAY BE MEETING SOON WITH EC REPRESENTATIVES
TO REACH FINAL AGREEMENT ON PANEL MEMBERSHIP, WE WOULD
APPRECIATE A RESPONSE FROM YOU AS SOON AS POSSIBLE. SISCO

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Disposition Authority: ElyME
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